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New Jersey Turnpike Authority

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EDWARD GROSS
EXECUTIVE DIRECTOR

April 1, 1998

To the Honorable Christine Todd Whitman, Governor
and the members of the New Jersey Legislature:



Christine Todd Whitman
Governor

It is my privilege to submit to you the 1997 Annual Report of the New Jersey Turnpike Authority. Almost two hundred four million vehicles traveled our superhighway in 1997. For many, travel on the Turnpike allowed them to get to work safely and on time. For others, Newark International Airport or vacation points along the country's beautiful eastern coast was the destination. Almost twenty-four million trucks - a million more than in the previous year - used the Turnpike to bring raw materials to manufacturers, finished products to market or to ports from where they were shipped to other parts of North America and all the other continents except Antarctica.

Safety continued to be foremost in the minds of those who are responsible for keeping the Turnpike operating twenty-four hours a day. The high regard our employees and contractors have for protecting our patrons and each other is evidenced by the Authority's excellent safety performance statistics.

Following your direction to operate more efficiently and smartly, Governor, the Turnpike was able to again reduce operating expenses in 1997. Even though operating costs were lowered, productivity actually increased. Our staff of dedicated and hard working employees, although fewer in number, provided excellent services to more patrons than ever before, a fact in which we take justifiable pride.

The Turnpike enjoyed tremendous success in 1997. Traffic volumes were up and accidents were down. Plans for capital projects moved forward and our financial health became stronger. The outlook for our future is bright. The Turnpike Authority is ready to meet the challenges of the twenty-first century.

This report outlines our outstanding accomplishments during the past year and gives an overview of our ambitious plans for the years ahead.

Respectfully submitted,

Frank X. McDermott
Chairman

Commissioners



Frank X. McDermott
Chairman



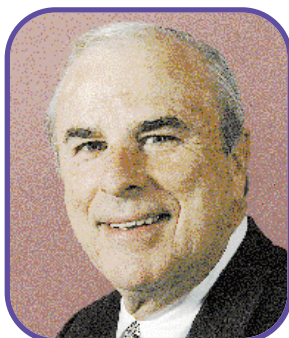
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Executive Director

Diane Scaccetti

Deputy Executive Director

Ralph J. Bruzzichesi

Director of Technology & Admin. Services

William J. Burke

Director of Toll Collection

Randy Corman

Director of Law

Robert F. Dale

Director of Operations

Lynn M. Fleeger

*Acting Director of Communications/
Chief Information Officer*

Mary-Elizabeth Garrity

Director of Human Resources

John G. Kunna

Chief Engineer

Catherine A. Schladebeck

Director of Finance & Budgets

David L. Wingerter

Director of Maintenance

Consultants

Riker Danzig Scherer Hyland & Perretti

General Counsel

HNTB Corporation

General Consulting Engineer

Paulus, Sokolowski & Sartor

General Environmental Consultant

KPMG Peat Marwick LLP

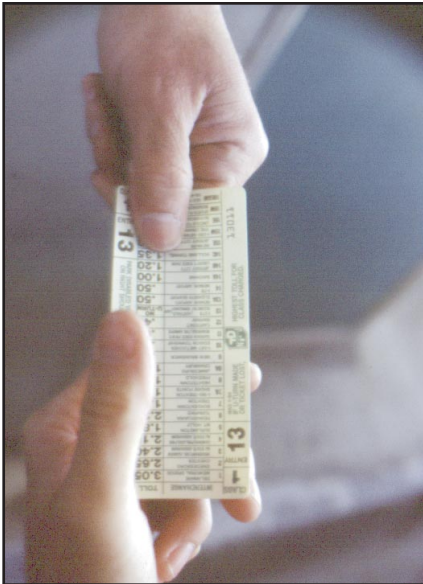
Auditor

Wilbur Smith Associates

Traffic & Revenue Consultant

Understanding The New Jersey Turnpike

From the desk of the Executive Director



*I*t would be difficult to imagine New Jersey without the New Jersey Turnpike. One hundred forty-eight miles of macadam, nearly five hundred bridges of hardened steel and an infrastructure capable of serving a large city are perhaps the Turnpike's most obvious physical attributes. Impressive as they are, the state's first toll road cannot be measured in terms of its concrete, mortar and steel alone. The true measure of the Turnpike is in terms of its impact on our state, its benefit to a region, its role in a global economy. During 1997, the Turnpike Authority realized substantial progress toward its continuing goal of providing a safe, efficient and economical transportation network designed to strengthen New Jersey's important role in a regional and world economy.

The retail centers of northern New Jersey, the cultural, educational and recreational facilities that are the state's gems and the industrial, manufacturing, shipping and distribution centers that make New Jersey a player on the international scene would be little more than projected goals without the New Jersey Turnpike.

Stretching from the George Washington Bridge in the north to the Delaware Memorial Bridge in the south, with spurs that extend to the east and west, the Turnpike's twenty-eight interchanges are a link to New Jersey's important highways, institutions, points of interest and economic hubs. Each interchange is strategically located to provide easy access to the major components of New Jersey's vast transportation network, cultural and educational institutions, recreation areas and urban centers. The Lincoln and Holland Tunnels, Goethals Bridge, Verrazano Narrows Bridge, Garden State Parkway, Pennsylvania Turnpike and Newark International Airport are all easily, if

The true measure of the Turnpike is in terms of its impact on a state, its benefit to a region, its role in a global economy.

not directly, accessed from the Turnpike. The scholarly enclaves of Princeton and Rutgers, and the sandy beaches at the Atlantic's edge are made more accessible by using the New Jersey Turnpike. A trip to the air show at McGuire Air Force Base, Six Flags Great Adventure, Meadowlands Racetrack and Arena, Giants Stadium, the new Performing Arts Center in Newark, Thomas Kean Aquarium or the Liberty Science Center almost always includes travel

on the Turnpike.

The New Jersey Turnpike is more than just a conduit for trucks, buses and cars. By providing a means to easily move material and workers, the Turnpike has played a key role in facilitating the economic development of the State of New Jersey, its neighboring municipalities, and the entire mid-Atlantic region. The Turnpike is not just the route to New Jersey's seaports and airports, rail yards and industrial centers; it is the road to the region's



The newly opened New Jersey Performing Arts Center in Newark will host nationally and internationally renowned performing artists. The NJPAC is easily accessed from the New Jersey Turnpike at Interchange 15W.

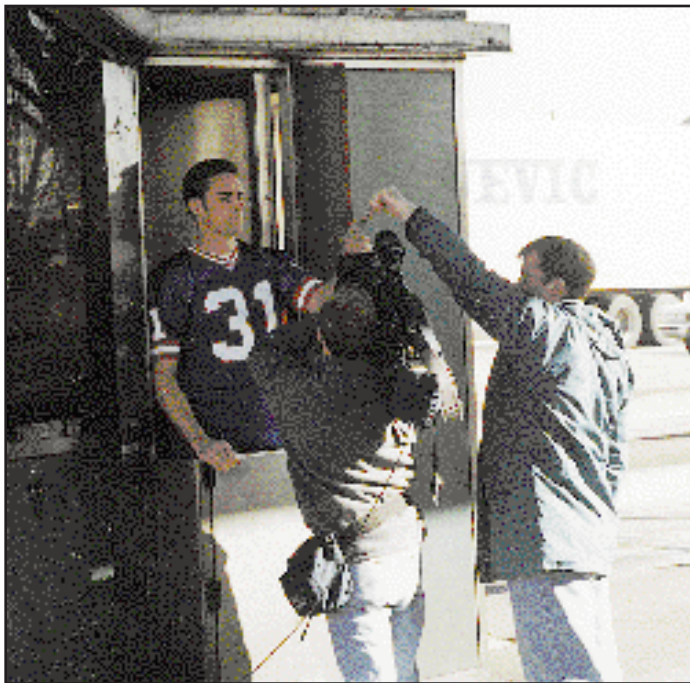
growth, the path to a better, brighter future.

In 1997, nearly 203,000,000 vehicles traveled the New Jersey Turnpike, generating \$350,600,000 in toll revenue. In fact, in its forty-seven-year history, more than five billion vehicles have used the Turnpike. People use it to commute to work, to vacation or visit, to shop or sightsee. The Turnpike counts vehicles, not riders, so no one really knows how many people rely on it each and every day to carry out the activities so important to the quality of life we expect and enjoy. But we do know that life would not be the same without the New Jersey Turnpike.

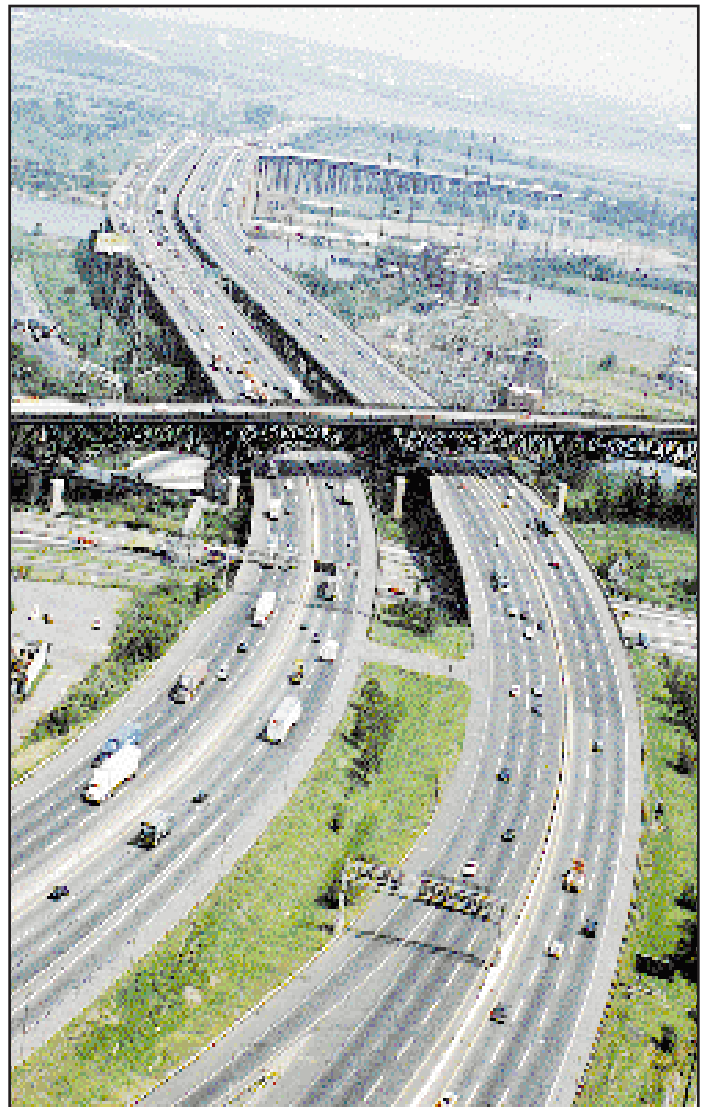
Many talented and dedicated people make the Turnpike function successfully. Their efforts come together to make the Turnpike operate as a finely crafted mechanism with a single purpose -- the safe and efficient movement of people and goods.

In 1997 significant senior management assignments will ensure a strong management team as we approach a new century.

Diane Scaccetti, who previously served as the Authority's Chief of Staff, was appointed the Deputy Executive Director. In April, the Authority amended its table of organization, separating the Maintenance and Engineering Services Department into two distinct



Jason Sehorn, defensive player for the NY football Giants, celebrates his selection to the "All Madden Football Team" by filming his opening section of the popular Fox TV show as a Toll Collector at Interchange 16W. The scene depicts Sehorn collecting a toll from the driver of the Madden Cruiser, the bus John Madden uses to travel to games.



departments. John Kunna, a career employee with twenty-five years of service, was named Chief Engineer, and David Wingerter, who has been with the Authority for more than twenty years, was named Director of Maintenance. Randy Corman was appointed to serve as Director of Law and Donald Mauer was appointed the Assistant Chief Engineer.

The pages that follow highlight the Authority's accomplishments during 1997 as well as offer a glimpse into some of the exciting, innovative projects for the future.

Edward Gross

Pearl Harbor Memorial Turnpike Extension dedicated



It was a Sunday morning, about eight o'clock, when more than 350 Japanese aircraft launched the attack that would propel the United States into World War II. More than 2,400 American military and civilian personnel lost their lives on December 7, 1941. Another 1,200 were wounded. Twenty-one ships were sunk, beached or damaged and 320 aircraft were damaged or destroyed in the unprovoked attack on Pearl Harbor, on Hawaii's Oahu island. Twenty-nine Japanese aircraft were shot down, either by ground fire or by planes launched to defend the military installation.

The New Jersey Chapter of the Pearl Harbor Survivors Association has long sought an appropriate memorial to those Americans killed or wounded in the attack. On Wednesday, September 24, 1997, members of the Pearl Harbor Survivors Association and their families, along with other war veterans, gathered at the Richard Stockton Service Area in

Hamilton Township for the dedication of the Pearl Harbor Memorial Turnpike Extension. The six-mile stretch, formerly known as the Pennsylvania Turnpike Extension of the New Jersey Turnpike, is now marked with signs on either end commemorating its new name. A commemorative plaque is on view at the Richard Stockton Service Area.

A somber ceremony, representing a cooperative effort amongst the Turnpike Authority, Department of Military and Veterans Affairs and the Pearl Harbor Survivors Association, began with the Presentation of the Colors, followed by the playing of the National Anthem. In keeping with a solemn Naval tradition, the ceremony ended with the Ringing of the Bell.

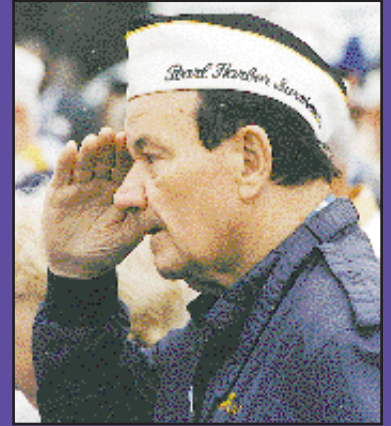
With emotion choking their words, representatives of veterans' groups, showing a respect for their fallen comrades, expressed thanks for the recognition paid them. John Whitman, representing his wife, Governor Christine Todd Whitman, and Legislators said it was the veterans who deserved our thanks.



Pictured above is the plaque at the Richard Stockton Service Area commemorating the dedication of the Pearl Harbor Memorial Turnpike Extension. Top right: John Whitman delivers a message on behalf of his wife, Governor Christine Todd Whitman; bottom right: Turnpike Authority Chairman Frank X. McDermott and Lee Goldfarb, Past President of the Pearl Harbor Survivors Association, display a picture which will hang in the Authority's administrative offices.



. . . so sacrifice will not be forgotten



More than 2,400 American Navy, Marine Corps, Army and civilian personnel lost their lives, and another 1,200 were wounded in the attack that would propel the United States into World War II.

In September, survivors of the attack and their family members gathered to hear Turnpike and State officials dedicate the Pearl Harbor Memorial Turnpike Extension in their honor.



Electronic Toll Collection Advances



In March 25, 1997, the Authority, on its behalf and as lead agency for a consortium of public agencies consisting of the New Jersey Highway Authority (operator of the Garden State Parkway), the Port Authority of New York and New Jersey, the South Jersey Transportation Authority (operator of the Atlantic City Expressway), and the Delaware Department of Transportation, awarded the Regional Electronic Toll Collection contract to MFS Network Technologies. (The contract closing occurred on March 10, 1998.)

The contract provides for the vendor to design, build, operate, and maintain an electronic toll collection system, a customer service center, and a fiber optic network. MFS, through its subcontractor Chase Manhattan Bank, N.A., will operate the Customer Service Center for eight (8) years. The estimated total contract cost is approximately \$500 million.

The system will produce revenue apart from traditional toll revenue which will be dedicated to pay the project costs. The revenue stream principally consists of administrative fees assessed upon toll evaders and third party leasing of extra fiber installed in the rights-of-way of the New Jersey and Delaware toll facilities. The new revenue is projected to pay for the entire system as well as generating a surplus to be shared by the public agencies and the vendor.

This creative approach of financing a public project will permit 99% of the law-abiding motorists who always pay their tolls to benefit from the state-of-the-art technology and not pay for it.

The electronic toll system maintains one common technology. Thus a motorist will open an ETC account which will be useable on all the public roads, bridges, and tunnels as well as the bridges and tunnels of the Triboro Bridge and Tunnel Authority and the New York State Thruway.

Motorists will be able to open an ETC account at the Customer Service Center, by mail, over the internet, and at various retail outlets.

Vehicles enrolled in the system will be equipped with transponders that will send signals to electronic readers installed at the toll booths. The electronic transmission of data will result in the customers' account being debited the appropriate toll.

The Atlantic City Expressway, the Delaware toll facilities and the Port Authority bridges and tunnels (currently

"This is the first step in making travel faster and more convenient by bringing an end to the days of drivers struggling in search of change for the toll."

**Governor Christine
Todd Whitman**

Assembly Transportation Committee Chairman Alex DeCroce, left, and New Jersey Department of Transportation Commissioner John J. Haley look on as Governor Whitman signed the video enforcement legislation necessary for implementation of electronic toll collection, at Int. 11 in Woodbridge.



operational) will be in full operation through the Customer Service Center by the end of 1998. The Garden State Parkway and the New Jersey Turnpike will be operational by year end 1999.

A major component of the project was the adoption of video enforcement legislation, signed by the Governor at ceremonies held at Interchange 11 on April 2, 1997.

Tomorrow's Turnpike

Since the Turnpike opened in 1951, the state's population has nearly doubled. Forty-seven years ago there were less than two million vehicles registered in New Jersey; in 1997 there were more than five million registered. The growth of New Jersey's transportation system is directly linked with the growth of the economy.

Authority officials have developed plans designed to keep pace with the needs of a public whose business and personal lives depend upon the ability to easily, safely and affordably travel from place to place.

Some 30 projects, ranging from the expansion of parking facilities for trucks to a real-time travel information system using special advance warning signs to reduce traffic congestion, are contained in the Business Plan for the 90's, a comprehensive long-term strategic plan which identifies needed improvements through the year 2000. Feasibility studies, environmental impact assessments, public sentiment and sensitivity to the concerns of local officials are necessary prerequisites before commencing any project. In many respects, these factors determine how quickly a project comes to fruition, or even if it ever progresses from the planning stage. Some of the projects in planning or under construction are highlighted below:

- ◆ A modern new, expanded and relocated toll plaza at Interchange 1 will welcome interstate travelers to the Turnpike and to New Jersey. The congestion travelers currently experience on holidays and summer weekends will be alleviated once the new plaza, with eight additional lanes, is opened in early 2001.

- ◆ The widening -- from four to six lanes -- of the thirty-five southern-most miles of the Turnpike, from Interchange 1 to near Interchange 4, will ease traffic flow in that area. That section of the Turnpike is the last remaining portion of the original mainline which is only four lanes wide.

- ◆ An October groundbreaking ceremony marked the beginning of construction on a new \$45 million interchange which will provide full access between the Pearl Harbor Memorial Turnpike Extension and Route 130. Currently only limited access is available. The project, which consists of four separate contracts, includes the relocation of the Interchange 6 toll plaza. The new plaza will be equipped with high-speed bypass lanes to accommodate electronic toll collection. The first of four contracts, which was awarded in July 1997, provides for construction of two bridges and ramps between the Turnpike's mainline and Route 130. The new interchange is expected to be opened in the latter part of 1999. In addition to improving the Pearl Harbor Memorial Turnpike Extension-Route 130 connection, the improvements will also remove commercial traffic from local roads and facilitate the movement of goods to and from industries in the area.



Lee Goldfarb, Past President of the Pearl Harbor Survivors Association of the United States, left, and Authority Chairman Frank X. McDermott, right, flank Governor Christine Todd Whitman as they break ground for a new interchange in Burlington County.

The Improvements Continue...

Since it was first constructed at a cost of \$277,802,000, the New Jersey Turnpike has attracted the attention of highway and transportation officials from all over the world. The first 53-mile stretch was completed in less than twenty-six months, and the entire 117.5 mainline was constructed in less than two and one half years. Operating strategies, maintenance plans and safety protocols instituted by the Turnpike have set the standard for other transportation agencies around the world. One of the reasons the Turnpike continues to be a model for other agencies is that it has evolved to meet changing needs including technological advancements.

In order to continue to meet its commitment to the traveling public, the Business Plan for the 90's was formally adopted in 1990. The plan's projects fall into two categories: Tier 1 projects which were completely funded and Tier 2 projects which are long range projects in the planning phase and funded through design only.

Several Tier 1 projects were completed or moved closer to completion during 1997:



Median Barrier Improvements - In 1984, the Turnpike began a program to replace standard 10 gauge galvanized guard rail with 42-inch high, steel-reinforced concrete median barriers to eliminate the dangers of vehicles driving through guardrails into the oncoming traffic lanes. The new barriers were designed and tested to withstand the impact of an 80,000 pound tractor trailer, traveling at 55 mph, making contact at a 15 degree angle. Construction of the new, safer, median barriers between Interchanges 11 and 12 was completed in February 1997. The final contract is to be awarded in 1998. When that construction is completed, the median barrier replacement program will be completed.

Expanded Truck Parking - An expanded truck parking lot at the Vince Lombardi Service Area in Ridgefield Park with an increase of 94 spaces, was opened in a July ceremony attended by Turnpike officials and representatives of the New Jersey Motor Truck Association. Parking capacity at this facility now is at 164. Turnpike regulations permit trucks to pull trailers up to 53 feet long. To accommodate the larger trucks, all parking spaces at the new lot are longer and wider than they had been in the past. To increase safety and convenience, the parking lot configuration eliminates the need for trucks to back out of parking spaces. The construction of new truck parking spaces and the reconfiguration of existing spaces is a part of the Authority's commitment to address the needs of the trucking community. A full service truck service area, complete with a place to stop, eat, rest, shower and obtain minor vehicle maintenance, are planned for the future.



Interchange Improvements - Modifications to Interchanges 13 and 13A, which serve the Elizabeth Seaport, Newark Airport, Goethals Bridge and Route I-278, are planned in conjunction with the Port Authority's improvements to the airport and Goethals Bridge. In September, the Authority awarded a contract to realign the ramp from Interchange 13 to Route I-278 and a local road leading to the Goethals Bridge. Future plans call for Interchange 13A to be expanded from fifteen to twenty-one lanes. These changes will improve traffic flow through those busy interchanges, and serve the growing economic development in the neighboring communities.

Some important Tier 2 projects also advanced in 1997:



Secaucus Interchange - A new Turnpike interchange is in the planning and design stage near the Secaucus Transfer rail station. This new connection will improve traffic flow on Route 3, Meadowlands Parkway and within the Meadowlands district. The interchange will also serve regional economic development, Meadowlands Parkway and Tonnelle Avenue via the Seaview Drive extension. In December 1997, the Army Corps of Engineers issued a Section 404 permit (wetlands permit) to the Turnpike Authority for the project.

Route 92 - Activity on the Route 92 project, a proposed 6.7-mile, east-west extension of the Turnpike that will connect Interchange 8A and Route 1, focused on the public hearing held by the United States Environmental Protection Agency, and the efforts necessary to gain needed environmental permits. At the request of the New Jersey Department of Environmental Protection and US Environmental Protection Agency, the Authority provided additional information in support of the Freshwater Wetlands and Stream Encroachment permits. Additionally, the Authority modified the road alignment to substantially reduce the amount of wetlands impacted. The new road, first suggested more than 50 years ago, has been on the drawing boards, in one form or another, ever since. In 1992, responsibility for its construction was transferred to the Turnpike Authority. Upon receipt of the environmental permits, which are expected in 1998, construction will begin.

In 1997, construction projects totaling \$32.5 million funded by the Authority's Maintenance Reserve and Special Project Accounts were completed. A few are highlighted below.

Bridge Deck Repair - Fifty-five of the Turnpike's 491 bridges were improved in 1997. Some of the larger structures repaired were the Passaic and Hackensack River Bridges on the westerly alignment, the Newark Bay Bridge, Newark Viaduct, East and West viaducts on the Newark Bay-Hudson County Extension, the Delaware River Turnpike Bridge, and the Rancocas Creek Bridge. Lane closings necessitated by the bridge repair work were strongly influenced by the need to maintain safety and an acceptable level of service for the motoring public. To minimize disruption to the traveling public, bridge work was scheduled during off-peak hours, at night and on weekends whenever possible. While this practice resulted in additional expense to the Authority, it eliminated a major inconvenience to the public.

In addition to the monies expended on actual bridge repair, the Authority spent \$1.7 million on its annual bridge inspection program.



Resurfacing - During 1997, two resurfacing projects totaling \$5.4 million, designed in-house were completed. The first contract provided for the resurfacing of various areas between South Brunswick and North Bergen. The second contract resurfaced sections of roadway between Woolwich Township and Cranbury. The projects included milling of severely distressed and rutted pavement, upgrading and raising of guardrail and the reconstruction of asphalt concrete lip curb and slope drains on the mainline, interchange and service area ramps.

Sound Barriers - In April 1997, the Authority awarded a contract for the construction of 3,000 feet of sound barrier in Edison. Construction began in June and is expected to be completed by March 1998. The construction of four additional sound barriers - two in Woodbridge one each in Edison and Milltown - will begin in 1998 and will result in nine sound barriers constructed in conjunction with the Turnpike Authority's retrofit sound barrier program which began in 1994. Future sound barrier projects are slated for Hudson, Mercer and Burlington Counties.



Increase in Traffic Volume and a Decrease in Fatal Accidents Combine to Make 1997 an Extraordinary Successful Year

In 1997, the New Jersey Turnpike experienced the highest traffic volume in its 47-year history, and a decline in the number of fatal accidents, making it one of the safest years in the 148-mile superhighway's history. When compared to 1996 figures, traffic volume rose by 3.6% and the number of fatal accidents dropped by 20%.

The number of vehicles using the Turnpike climbed to 204,572,716 in 1997, the highest annual traffic volume recorded since the Turnpike opened in 1951. In the previous year, 197,576,378 vehicles traveled the Turnpike. The Turnpike's 'fatality rate' for 1997 was 0.48, a decrease of 14.3% over its 1996 rate of 0.56. Fatality rates are a standard used to measure the number of fatalities per 100 million vehicle miles traveled.

Safety holds the single highest priority on the New Jersey Turnpike

Safety has always been the single highest priority on the New Jersey Turnpike. From its inception, many innovative safety features were incorporated into the roadway's design. For example, the Turnpike was the first highway in the nation to implement the dual-dual system, where trucks are separated from cars. This design, which exists between Interchanges 8A and 14, is perhaps the safety feature most obvious to the public. The Turnpike's daily operational practices also place a heavy emphasis on safety. Troop D expertly executes a well-conceived plan of selective deployment of supplemental details, concentrated traffic enforcement activity and continued high visibility of marked State Police units coupled with the strategic deployment of unmarked patrol vehicles. Their activities played a major role in the decrease in fatal accidents in 1997.

To ensure the safety of patrons, employees and contractors, traffic engineering principles are applied in establishing lane closings for construction or maintenance projects. Troop D personnel receive extensive continuing education and training in traffic safety, advanced accident investigation and construction zone safety. These programs are an integral part of the State Police goal of reducing

accidents and maintaining traffic safety on the roadway.

Trooper Francis M. Burke, who is assigned to Troop D's Newark Station, was selected the New Jersey State Police 1997 Trooper of the Year by Colonel Carl A. Williams, Superintendent of the New Jersey State Police.

During the period from July 1996 to June 1997, while on routine patrol on the Turnpike's northern section, Trooper Burke contributed to traffic safety by arresting more than 40 intoxicated drivers and conducting 67 investigations which resulted in 128 arrests for controlled dangerous substances, stolen motor vehicles, cellular telephone cloning, video piracy and possession of concealed deadly weapons. Trooper Burke's efforts have resulted in the recovery of property worth more than \$360,000 and the confiscation of controlled dangerous substances valued at \$275,000, including 14 pounds of cocaine, 20 pounds of marijuana and 1,500 decks of heroin.

In recognition of his being named '1997 Trooper of the Year' and for his professionalism, dedication to honor, duty and fidelity, the Commissioners of the Turnpike Authority acknowledged the contributions of Trooper Francis M. Burke at the September Commission meeting.





Additionally, the Turnpike has a comprehensive and coordinated program, designed to ensure that disabled vehicles and vehicles involved in accidents are located and assisted in an efficient and safe manner. Key components of the Disabled Vehicle/Incident Detection program include:

Routine roadway patrols from Troop D's three separate stations - Moorestown, Cranbury and Newark - patrol the Turnpike and summon assistance for motorists they encounter whose vehicles become disabled. Use of tactical patrol units (unmarked cars) in all three areas assist in these efforts.

A Courtesy Patrol, staffed by Turnpike employees, offers water and limited amounts of gasoline (free) to stranded motorists. They will call a tow truck or road service, if necessary. The patrol operates in four areas between Interchange 8 and the Northern Terminus, weekdays from 8:00 a.m. to 4:00 p.m. In 1997, the Turnpike

Courtesy Patrol provided roadside assistance to 3,212 patrons, providing gas to 294 patrons and water to 506 motorists.

Toll-Free Cellular Calls to Summon Assistance is available to motorists traveling the Turnpike. Travelers can report disabled vehicles by dialing #95 from their cellular telephones anywhere along the Turnpike. The calls, which are answered by the Turnpike's Traffic Operations Center, are toll and airtime free for most cellular phone users. More than 10,000 calls were made to #95 in 1997.

The Traffic Operations Center responded to 81,648 aids or requests for patron assistance in 1997. In addition, all Turnpike personnel are expected to report disabled vehicles while traveling on the 148-mile superhighway. Toll Collectors who are advised by patrons of disabled vehicles or vehicles involved in incidents relay the information to the Traffic Operations Center. Patrons who see a disabled vehicle should report its location to Toll Collectors, noting both the milepost marker and direction of travel.

Closed circuit television cameras monitor traffic flow, disabled vehicles and vehicle incidents along certain stretches of the Turnpike. Four cameras, which have a range of one-half to three-quarters of a mile in all directions, are strategically located along the busiest section of the Turnpike. The cameras, which are located in the vicinity of Interchanges 13, 13A, and 15E, are monitored by the Traffic Operations Center.

New Directional Markers and Warning Messages - Positive Signs

Nothing reassures a traveler in an unfamiliar area more than clear directional signs. And nothing is appreciated by a busy traveler more than a warning that gives them ample opportunity to alter their route to avoid traffic congestion. Sometimes just knowing the cause of a delay eases frustration. Realizing that, and knowing that stressful driving is not safe driving, the Turnpike has taken some important steps to install signs that will alert drivers to unusual occurrences and assist them in making travel decisions.

Traveling between the George Washington Bridge and the New Jersey Turnpike will be easier once new, better lit and more clearly worded signs are installed. In August, the Turnpike announced efforts to improve signage on the 4.4 mile stretch of I-95 connecting the Turnpike with the George Washington Bridge. Existing signs - some of which are 25 years old - will be inventoried and a lighting analysis will be performed on all of the signs. A structural analysis of the sign structures will be performed. The signs, lighting, and sign structures will then be redesigned in accordance with current Turnpike standards. The designs will be coordinated with the New Jersey Department of Transportation and Port Authority of New York and New Jersey, each of which have signs of their own in the area. Port Authority signs direct travelers to and from the George Washington Bridge, and NJDOT signs route commuters to and from I-80 and Route 17. The project is funded by the Federal Highway Administration under its Intelligent Transportation Systems program.

In November, the Authority awarded a contract for eleven new overhead Variable Message Signs (VMS) to be installed in strategic locations on the Turnpike. The VMS signs can display three lines of information, which is keyed into a computer at the Traffic Operations Center in New Brunswick. The signs will display messages relating to traffic on the Turnpike and surrounding major roadways. Additionally, the Port Authority of New York and New Jersey will install two similar VMS signs on the Turnpike near Interchange 13A. Currently, there is one overhead VMS sign on the Turnpike near Service Area 6N. Several smaller portable units are put into operation when necessary.

Aggressive driving warrants aggressive enforcement

*D*iscouraging drivers from aggressive driving or driving while fatigued was a theme repeated by Turnpike officials, law enforcement and traffic safety officials during 1997. The dangers of aggressive driving or driving while fatigued was well received by the public and resulted in a decrease in traffic accidents.

At a March press conference held at the Turnpike Authority Administration Building to announce the start of the aggressive driver program, New Jersey Attorney General Peter Verniero issued a stern warning to aggressive drivers: "Aggressive driving will be met with aggressive enforcement." The Attorney General defined aggressive driving as anything that is offensive, hostile or belligerent and creates an unsafe environment on the roads.

***"We do this
for the sole
reason of
saving
lives."***

**NJ Attorney
General
Peter Verniero**

State Police troopers and police officers from dozens of local communities formed the backdrop as Attorney General Verniero and Col. Peter O'Hagan of the State Division of Highway Traffic Safety announced a program to crack down on drivers in six counties who speed, tailgate, ignore traffic signals, weave through traffic or otherwise behave offensively. Funded by a \$450,000 grant from the National Highway Traffic Safety Administration, the program paid for officers who, after encountering aggressive drivers, radioed officers in marked police cars who would stop the aggressive drivers and issue summonses. Special telephone numbers were announced so that citizens could report aggressive drivers from their homes (1-888-SAF-ROAD) or cars (#77).

Just prior to the Labor Day weekend, officials again assembled at the Authority's Administration Building to report on the success of the program. In the four month period, officials reported that 23,000 aggressive-driving related summonses were issued and, in the participating counties, there was a 19% decrease in highway fatalities compared with the

Officials send a wake-up message to fatigued drivers

*T*he dangers associated with driving under the influence of alcohol are obvious, and there are many programs in place to educate the public and enforce the laws against drinking and driving. A special task force organized by Attorney General Peter Verniero to combat driver fatigue places similar emphasis on combating those who drive while fatigued. The Driver Fatigue Task Force was established to reduce the number of fatigue-related crashes by increasing public awareness of the problem. Driver fatigue has accounted for about 2% of New Jersey's traffic fatalities.

In late November, officials met at the Turnpike's Molly Pitcher Service Area to announce the Drive Alert/Arrive Alive initiative. Motorists were advised how to avoid fatigued driving, including getting a good night's sleep before driving, avoiding alcohol or medications that promote drowsiness, driving with a companion and switching drivers periodically, stopping every two hours or one hundred miles and avoid traveling during the peak drowsiness periods, from midnight to 6:00 a.m. and during the mid-afternoon.

State Police promised to be out in force over the Thanksgiving Holiday to look out for fatigued drivers, and the Turnpike distributed more than 500,000 driver fatigue safety information handouts at toll booths over the Thanksgiving holiday period.

"We do this for the sole reason of saving lives," the state's highest ranking law enforcement official explained. The fatigued driver task force is concentrating on a long-term educational program to combat driver fatigue.



New Jersey Attorney General Peter Verniero is joined by Turnpike Commissioner J.P. Miele at a press conference announcing a state crackdown on aggressive drivers.



Turnpike Authority and Transportation Department Cooperate on Clean-Up

Workers in the Turnpike's Maintenance Department joined forces with their counterparts at the New Jersey Department of Transportation to clean up the environment and keep the grass along the state highways looking neat and trimmed.

In April, as part of the 1997 Earth Day observance, workers removed debris and trash from the area alongside the network of ramps near Interchange 15E in Newark. More than 270 bags of litter and 400 cubic yards of illegally dumped material were carted away. Maintenance crews also removed 2,400 square feet of graffiti from surfaces.



Turnpike's goal is to keep information-not just traffic-flowing freely

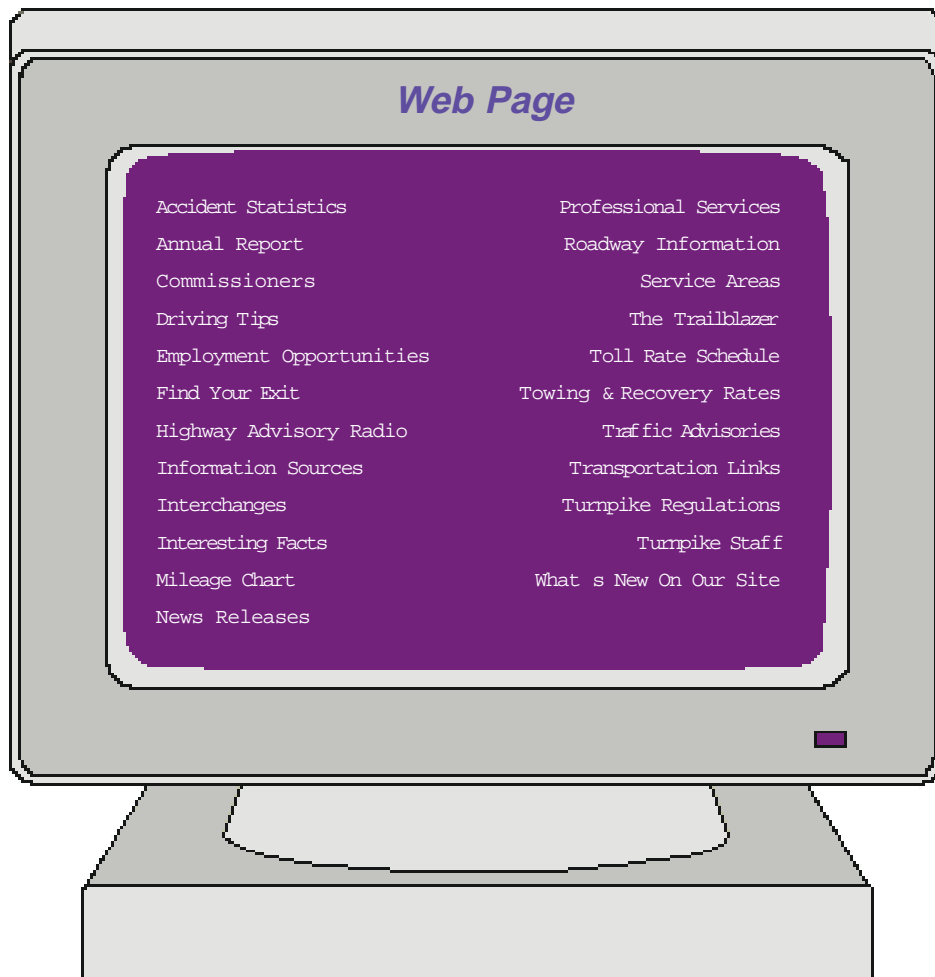
*T*wo superhighways connected when the New Jersey Turnpike linked up with the Internet and established a web site in April. The information superhighway, quickly becoming the standard in terms of information sharing, is now the road to travel to obtain information about the Turnpike ranging from tolls to towing and traffic regulations to news releases.

The page was launched containing only 'static' information, but will soon be upgraded to provide Internet users with current traffic conditions and other real-time information. Access to the Authority's web site is through the New Jersey State Office of Telecommunications and Information Systems (OTIS). The web page was developed in-house by Authority personnel.

***The Turnpike's
Internet address
is [http://
www.state.nj.us/
turnpike](http://www.state.nj.us/turnpike)***

The Turnpike's Internet address is <http://www.state.nj.us/turnpike>. The web site sets forth the locations of the Turnpike's twelve Service Areas, as well as the amenities offered. Safe driving tips, employment information, weekly traffic advisories, mileage charts, accident statistics, budget data and interesting roadway facts are provided. Patrons can check the website to learn when and where construction may be taking place in order to better plan their trip. In fact, this Annual Report can be viewed, complete with pictures, by connecting to the Turnpike's home page.

In the near future, Turnpike patrons will be able to access our web page before leaving their homes in the morning or their offices in the evening and know exactly what to expect on the road. If a major event at Giants Stadium creates congestion on the western spur, for example, commuters will be directed to the eastern spur.



Winter was less severe, and less costly than previous years

*D*uring the "Blizzard of '96" Turnpike personnel demonstrated their ability to respond to even the severest of storms. The 1996 winter season provided a tremendous challenge to the maintenance personnel who were called upon to fight the forces of nature. Fortunately, when compared to the previous winter, the 1997 winter was a milder - and less costly - one.

In the record setting 1996 winter season, close to 96 inches of snow fell on the Turnpike and almost 60,000 tons of rock salt were applied to the roadway. In the 1997 season, only 16.7 inches of snow fell, and the Turnpike consumed less than 20,000 tons of rock salt; a far cry from the year before. In the 1996 season, the cost for materials, staffing and outside contractors was \$6.6 million; the following season the cost for those services and materials was \$1.67 million. Interestingly, during the 1997 winter there were twenty-five snow or ice storms that required response from maintenance personnel, three more than in the previous year. In the 1997 season, however, only six of the storms were considered major, while the previous year - which included the now legendary blizzard - nine of the twenty-two storms were major in nature.

Office Works to Ensure Equality in Employment and Contract Opportunities

*M*indful of its obligation to include women and minority owned businesses in construction and professional services contracts, the New Jersey Turnpike Authority's Equal Employment Opportunity (EEO) office provides business support to those enterprises, enabling them to competitively bid for contracts with the Authority. Through the inclusion of appropriate Affirmative Action language in Turnpike contracts, the Authority enforces its nondiscrimination, equal opportunity policies.

As a matter of policy, and in accordance with federal and state statutes, the Turnpike is committed to providing equal employment and business opportunities to all persons regardless of race, color, religion, sex, national origin, marital status, sexual orientation, age, or medical condition.

***The
success
of the
Authority's
effort is
evident.***

To promote its commitment to equal opportunity, the Authority participates in women and minority owned business forums, seminars and symposiums to discuss and promote the participation of qualified women and minority owned businesses in Turnpike projects. This outreach program has resulted in the award of contracts to several qualified bidders on some significant Turnpike ventures.

The success of the Authority's efforts is evident. In 1997, more than \$8 million in construction contracts was approved for award to businesses certified as eligible women and minority business enterprises. The figure is 16% of the total amount awarded on Turnpike construction projects in 1997. Approximately \$2.2 million or 12% of the total professional

service contracts was approved for award to women and minority owned businesses.

Construction projects in which women and minority owned businesses have participated include painting structural steel and median barrier improvements. They have provided professional services in areas as diverse as design services for bridge deck repairs and program management for electronic toll collection implementation.

The EEO office is also involved to ensure that Turnpike employees are aware of the Authority's EEO policies, with regard to both contractors and employees. The office also provides guidance to employees on career enhancing actions to develop their potential to progress to higher levels within the Authority.



FINANCIAL SITUATION STRENGTHENS

*A*n December of 1995, the Authority adopted a three year Plan of Finance which, in part, provided for significant reduction in operating expenses. The Plan's ultimate goal was to provide for toll stabilization through 1998 while maintaining its high level of service.

The Authority met its operating budget for 1996 and in 1997 actual expenditures were \$4.5 million less than 1996.

While Authority operating expenses were on a decline, revenue and traffic, especially commercial traffic, increased to historic levels.

Traffic increased 3.6% over the previous year. Passenger car traffic was up 3.5% and, in large measure as a result of concentrated efforts to attract truck traffic, commercial vehicle volume increased by 4.4%. The increase in traffic volume translated to a 3.9% increase in passenger vehicle revenue and a 4.8% climb in commercial vehicle revenue over 1996 figures. Total toll revenue for 1997 was \$350,436,700, over \$14 million more than the previous year.

Added traffic also meant additional sales at our twelve Service Areas. Concession revenue, increased by 2.5%, from \$14,128,000 in 1996 to \$14,479,300 in 1997.

Income on investments was \$12.9 million. The Turnpike also realized nearly \$3.2 million in miscellaneous revenue, bringing the total revenue in 1997 to \$381 million, more than \$6,000,000 over budget estimates and \$11,000,000 more than 1996 actual revenue.

OPERATING BUDGET FISCAL YEAR 1998

Executive Office	\$ 1,242,000 *
Communications	461,200
Law	1,104,400
Finance & Budget	2,277,200
Human Resources	1,724,500
Technology & Administrative Services	6,540,600
Operations	2,407,900
Toll Collection	58,006,700
Maintenance	35,004,000
Engineering	1,748,900
Employee Benefits	26,225,900
Non-Departmental	7,165,600
Snow	<u>2,841,100</u>
	146,750,000
State Police	<u>20,250,000</u>
Total Operating Expenses	\$167,000,000
Maintenance Reserve Fund	24,543,000
Special Project Reserve Fund	14,500,000
State Transportation Trust Fund	12,000,000
Total Debt Service	\$237,922,000
Less: Capitalized Interest (17,418,000)	220,504,000
Total Budget	\$438,547,000

* Reflects a reorganization which shifted personnel departmentally.

47 YEARS OF OPERATION

	Revenue Vehicles	Tolls Revenue	Mileage	Concessions Revenue	Other Revenue	Total Revenue
1951	787,195	\$ 587,326	38,246,174	\$ 32,861	\$ 87	\$ 620,274
1952	17,948,235	16,241,267	765,807,780	1,523,038	65,330	17,829,635
1953	22,005,078	19,192,647	868,606,100	1,853,880	464,102	21,510,629
1954	24,555,441	20,756,344	927,393,967	1,826,777	634,641	23,217,762
1955	25,888,319	21,122,503	939,672,825	1,859,952	923,169	23,905,624
1956	31,588,224	24,513,371	1,064,377,974	2,056,530	1,197,682	27,767,583
1957	39,269,643	29,022,910	1,200,254,680	2,370,516	1,447,014	32,840,440
1958	41,615,115	30,159,491	1,232,527,909	2,400,793	1,554,434	34,114,718
1959	46,199,339	33,317,927	1,343,847,970	2,602,998	1,396,407	37,317,332
1960	49,083,017	35,583,987	1,414,759,197	2,650,147	1,274,321	39,508,455
1961	51,737,682	37,192,652	1,471,802,723	2,649,106	1,156,969	40,998,727
1962	54,900,745	39,240,487	1,560,490,809	2,660,029	1,180,789	43,081,305
1963	56,677,379	40,778,566	1,610,706,177	2,749,777	1,270,264	44,798,607
1964	60,707,631	44,148,839	1,753,074,755	3,436,989	1,446,046	49,031,874
1965	64,957,715	46,122,200	1,856,395,130	3,624,311	1,549,790	51,296,301
1966	69,850,328	48,609,809	1,944,951,873	3,752,280	1,628,281	53,990,370
1967	73,528,656	51,229,549	2,030,844,201	3,976,450	1,642,227	56,848,226
1968	78,205,075	55,339,724	2,138,002,435	4,323,562	1,653,381	61,316,667
1969	80,618,191	57,636,727	2,202,999,403	4,624,406	1,979,854	64,240,987
1970	89,655,299	63,934,463	2,382,332,241	4,959,536	1,949,358	70,843,357
1971	98,533,612	70,124,311	2,574,226,834	5,322,464	1,004,360	76,451,135
1972	107,933,291	75,939,682	2,740,521,973	5,612,148	997,242	82,549,072
1973	110,422,434	78,996,947	2,753,067,671	5,226,934	1,261,793	85,485,674
1974	106,628,059	75,243,082	2,529,483,967	4,924,039	3,062,147	83,229,268
1975	105,632,830	84,385,089	2,583,789,035	5,315,803	6,553,424	96,254,316
1976	109,233,669	91,081,922	2,671,766,280	5,176,767	4,756,959	101,015,648
1977	113,664,015	95,111,786	2,759,241,650	5,232,246	5,026,621	105,370,653
1978	120,622,761	100,837,720	2,885,020,752	5,959,715	5,757,312	112,554,747
1979	121,031,648	100,884,856	2,803,773,003	5,956,116	9,452,586	116,293,558
1980	122,587,520	118,613,863	2,850,062,160	6,013,967	6,700,771	131,328,601
1981	127,211,999	126,188,012	2,930,550,698	5,929,656	13,787,205	145,904,873
1982	132,932,001	129,922,144	3,022,902,748	5,983,228	14,257,360	150,162,732
1983	143,854,884	139,894,904	3,205,540,623	6,521,074	10,047,954	156,463,932
1984	156,029,218	151,913,410	3,442,060,842	7,301,559	12,617,054	171,832,023
1985	167,179,166	162,449,170	3,685,451,718	7,579,995	11,082,401	181,111,566
1986	178,838,750	173,546,512	3,936,120,912	8,620,488	11,138,626	193,305,626
1987	183,166,154	178,969,813	4,077,924,075	10,615,629	18,006,757	207,592,199
1988	190,740,162	185,930,888	4,286,192,726	11,842,410	28,823,443	226,596,741
1989	193,498,385	187,932,292	4,393,225,349	12,498,869	31,219,244	231,650,405
1990	197,167,048	188,730,002	4,450,386,274	12,127,783	28,862,775	229,720,560
1991	185,193,140	285,638,471	4,249,632,696	11,444,972	24,280,732	321,364,175
1992	184,385,900	312,535,187	4,283,210,259	10,848,377	20,139,673	343,523,237
1993	185,067,102	316,519,746	4,325,626,076	11,851,766	12,169,972	340,541,484
1994	188,279,922	321,791,137	4,379,833,147	12,530,375	9,353,245	343,674,757
1995	190,375,343	326,302,916	4,497,441,419	12,515,694	13,213,751	352,032,361
1996	195,830,356	336,341,828	4,606,441,175	14,128,029	19,105,703	369,575,560
1997	202,852,155	350,436,688	4,774,501,073	14,479,345	16,084,301	381,000,334

CONTRACTS AWARDED IN 1997 IN EXCESS OF \$100,000

PROFESSIONAL ENGINEERING SERVICES

<u>OPS #</u>	<u>Engineer/Architect</u>	<u>Amount</u>
1709	Parsons Brinckerhoff-FG, Inc.	\$ 6,200,000
1751	The HNTB Corp.	2,275,000
1767	The HNTB Corp.	1,096,000
1775	Wilbur Smith Associates	625,000
1716	A.G. Lichtenstein & Associates	582,000
1727	Stone & Webster Engineering Corp.	459,000
1744	Goodkind & O'Dea	419,000
1750	Computran System Corp.	375,000
1731	The RBA Group	353,000
1760	Killam Associates, Inc.	349,918
1753	The HNTB Corp.	325,000
1764	Urban Engineers, Inc.	298,000
1712	Edwards & Kelcey, Inc.	273,000
1742	Stone & Webster Engineering Corp.	273,000
1765	Ambric Testing & Engineering Assoc., Inc.	250,000
1766	Robert W. Hunt Company	250,000
1768	Killam Associates, Inc.	245,668
1726	Purcell Associates	239,000
1761	The HNTB Corp.	227,000
1729	Goodkind & O'Dea	222,000
1710	Site-Blauvelt Engineers	201,000
1730	Michael Baker Jr., Inc.	199,000
1759	Killam Associates, Inc.	197,364
1748	Dames & Moore, Inc.	195,000
1711	Greenman-Pedersen, Inc.	192,000
1745	Vollmer Associates	175,000
1733	Purcell Associates	140,000
1754	Frederic R. Harris, Inc.	134,000
1741	Urban Engineers, Inc.	128,000
1738	Kupper Associates	117,000
1739	Arora & Associates	101,000

PURCHASING

<u>P.O.#</u>	<u>Vendor</u>	<u>Amount</u>
10111	Warnock Motor Sales	\$ 1,254,598.00
11211	Sil-Kemp Concrete	780,000.00
11226	National Fuel Resources Inc.	753,000.00
10207	Magnetic Ticket & Label Corporation	651,872.52
10958	Cargill Salt Eastern	645,574.00
11333	Magnetic Ticket & Label Corporation	631,500.44
11183	Electronic Data Magnetics, Inc.	593,735.00
10094	Electronic Data Magnetics, Inc.	571,830.00
11310	Envirocraft Corporation	485,000.00
10625	Digital Equipment Corp.	425,000.00
10959	Atlantic Salt, Inc.	308,890.00
10813	Transpo Industries, Inc.	283,000.00
10325	Clean Venture, Inc.	237,400.00
10902	E. R. Barrett, Inc.	236,900.00
10062	Hudson Jersey Sanitation	233,000.00
10824	Morey Larue Supply Serv.	210,000.00
10952	International Salt Co.LLC The Wellesley Bldg.	192,786.00
11101	Gardner M. Bishop	180,000.00
11311	Suburban Propane, Inc.	180,000.00
10086	The Revenue Markets, Inc.	164,500.00
10509	Solar Compounds Corp.	133,050.00
10514	Warnock Motor Sales	132,304.00
11227	PG&E Energy Services	130,000.00
11297	Star Oil Corporation	120,198.75
10051	Van Leer Metallized Products (USA) Ltd	120,150.00
11254	Bunzl New Jersey, Inc.	120,000.00
11055	Teco, Inc.	113,666.00
10901	G & M Roofing Service	113,426.00
10200	Warnock Motor Sales	113,100.00
10861	Envirocraft Corporation	107,394.50
10561	Radiator Specialty	105,205.00
10838	All Clean Bldg. Serv. Inc.	100,000.00

CONSTRUCTION

<u>Cont. #</u>	<u>Contractor</u>	<u>Amount</u>
RT130-2	J.H. Reid General Contractor	\$10,506,381.20
R-1286	Bishop-Sanzari, A Joint Venture	7,745,888.00
R-1298	Bishop-Sanzari, A Joint Venture	7,362,866.12
R-1293	D'Annunzio & Sons, Inc.	5,226,475.00
R-1265A	J. Fletcher Creamer & Son, Inc.	4,460,205.50
R-1294	Bishop-Sanzari, A Joint Venture	4,048,440.00
R-1303	Trap Rock Industries, Inc.	2,802,706.00
R-1235A	Neshaminy Constructors, Inc.	2,337,593.50
R-1292	Schiavone Construction Co.	2,082,200.00
R-1304	Richard E. Pierson Construction Co., Inc.	1,589,701.00
R-1289	T.P.K. Construction Corp.	1,514,027.50
R-1301	Anka Painting Company, Inc.	1,310,050.00
W-6106	Rosangela Contracting Co., Inc.	1,170,562.70
R-1311	Bishop-Sanzari, A Joint Venture	294,504.00
W-4022	Rosangela Contracting Co., Inc.	289,182.00
R-1312	Agate Construction Co., Inc.	286,000.00
W-6323	Allan Electric Co., Inc.	239,400.00
W-5023-1	Makrancy's Landscaping, Inc.	148,535.00
W-5303	J. Fletcher Creamer & Son, Inc.	147,007.00
W-5025	Bishop-Sanzari, A Joint Venture	127,426.25
R-1325A-1	Barbella Environmental Technology, Inc.	120,150.00

INSURANCE

	<u>Premium</u>
Prudential	\$ 461,310.00
National Union	433,877.00
CIGNA	335,834.00
Argonaut Insurance Co.	300,170.00
General Star	295,000.00
Lloyds of London	260,000.00
Lexington Insurance	255,000.00
Commerce & Industry	208,585.00
Argonaut Insurance Co.	160,385.00
Lexington Ins. Co.	160,000.00
Reliance National	157,920.00
Zurich Inc.	130,000.00
Royal Indemnity	125,412.00
Commercial Union Life	125,000.00
Gulf Insurance	100,330.00

New Jersey Turnpike Authority

Financial Statements and Supplementary Information

For the Year Ended December 31, 1997

Together With

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Commissioners
New Jersey Turnpike Authority:

We have audited the accompanying statement of assets, liabilities and fund balances of the New Jersey Turnpike Authority as of December 31, 1997, and the related statements of revenues and expenses and changes in fund balances for the year then ended, and the statement of cost of investment in facilities as of December 31, 1997. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 2, the accompanying financial statements were prepared on the modified cash basis of accounting to comply with the provisions of the Authority's 1991 Turnpike Revenue Bond Resolution and on the Authority's interpretation of such resolution, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the New Jersey Turnpike Authority as of December 31, 1997, and its revenues and expenses and changes in its fund balances for the year then ended, and the cost of investment in facilities as of December 31, 1997, on the basis of accounting described in note 2.

Our audit as of and for the year ended December 31, 1997, was made for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. The supplementary information included in the Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the aforementioned financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements, taken as a whole.

KPMG Bart Harwick LLP

January 30, 1998

NEW JERSEY TURNPIKE AUTHORITY

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED DECEMBER 31, 1997

(WITH COMPARATIVE FIGURES FOR 1996)

Revenues:			
Toll revenue	\$	350,436,688	336,341,828
Income from investments		12,890,252	17,809,263
Concession revenue		14,479,345	14,128,029
Miscellaneous revenue		<u>3,194,049</u>	<u>1,296,440</u>
Total revenues		381,000,334	369,575,560
Transfer from Turnpike Revenue Bonds, Series 1992 A		-	72,596,589
Transfer from Debt Reserve Fund (note 6)		<u>72,805,768</u>	<u>1,925,280</u>
Total revenues and interfund transfers to Revenue Fund		453,806,102	444,097,429
Operating expenses:			
Executive office		1,090,641	752,140
Communications		417,342	428,349
Law		974,601	1,013,516
Finance and Budgets		2,057,136	2,183,999
Human Resources		1,530,619	1,574,957
Technology and Administrative Services		6,547,899	6,769,956
Operations		2,213,683	2,226,631
State Police		20,014,968	18,979,657
Toll Collection		55,329,189	55,088,537
Maintenance		33,391,788	35,329,848
Engineering		1,735,364	1,993,831
Non-departmental		5,126,372	6,888,055
Employee benefits		26,905,089	26,030,511
Snow		2,373,443	4,952,621
Cash discounts		<u>(8,444)</u>	<u>(9,236)</u>
Total operating expenses		159,699,690	164,203,372
Revenues and interfund transfers to Revenue Fund in excess of operating expenses before debt service and interest from Construction Fund		294,106,412	279,894,057
Debt service:			
Interest expense:			
Turnpike Revenue Bonds, Series 1991 A		22,584,300	23,899,326
Turnpike Revenue Bonds, Series 1991 C		79,224,698	79,353,673
Turnpike Revenue Bonds, Series 1991 D		22,964,900	22,964,900
Turnpike Revenue Bonds, Series 1992 A		38,558,510	40,697,260
Transfer to Debt Service Fund		72,635,000	67,990,000
Transfer to Charges Fund		<u>1,113,000</u>	<u>1,113,000</u>
Total debt service		237,080,408	236,018,159
Revenues and interfund transfers to Revenue Fund in excess of operating expenses and debt service before interest from Construction Fund		57,026,004	43,875,898
Interest from Construction Fund		<u>16,018,000</u>	<u>35,019,000</u>
Revenues and interfund transfers to Revenue Fund and interest from Construction Fund in excess of operating expenses and debt service		73,044,004	78,894,898
Interfund transfers:			
To Special Project Reserve Fund		(18,500,000)	(26,500,000)
To Maintenance Reserve Fund		(24,062,000)	(23,591,000)
To State Payment Fund		<u>(12,000,000)</u>	<u>(12,000,000)</u>
Revenues and interfund transfers to Revenue Fund and interest from Construction Fund in excess of operating expenses, debt service and interfund transfers		18,482,004	16,803,898
To General Reserve Fund		<u>(18,482,004)</u>	<u>(16,803,898)</u>
	\$	-	-

See accompanying notes to financial statements.

NEW JERSEY TURNPIKE AUTHORITY
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
DECEMBER 31, 1997
(WITH COMPARATIVE TOTAL FIGURES FOR 1996)

Assets	Funds held by Authority					Funds held by Trustees		Totals (note 2)	
	Revenue	Construction	Maintenance	Special	General	Charges	Debt	1997	1996
	Fund	Fund	Reserve	Project	Reserve	Fund	Service		
Cash	\$ 13,433,324	334,448	615,282	278,330	9,025	—	22,515	14,692,924	29,365,678
Investments (note 3)	89,360,204	276,629,228	3,999,911	25,600,000	59,222,933	—	148,946,207	603,758,483	667,680,616
Receivables	6,665,155	376,132	—	825,587	—	—	—	7,866,874	10,461,220
Interfund accounts, net	(15,556,032)	(773,198)	(1,509,834)	(631,075)	18,482,004	(11,865)	—	—	—
Deposits in condemnation	—	2,134,932	—	23,750	—	—	—	2,158,682	113,176
Cost of investment in facilities	—	3,236,901,329	—	—	—	—	—	3,236,901,329	3,190,259,852
Other assets	—	63,670	—	—	—	—	—	63,670	10,178,219
Total assets	\$ 93,902,651	3,515,666,541	3,105,359	26,096,592	77,713,962	(11,865)	148,968,722	3,865,441,962	3,908,058,761
Liabilities and Fund Balances									
Liabilities:									
Accrued interest payable	—	—	—	—	—	—	76,333,722	76,333,722	77,815,446
Withholdings from employees	676,334	—	—	—	—	—	—	676,334	756,290
Pension and deferred compensation (note 5)	46,536,054	—	—	—	—	—	—	46,536,054	41,887,534
Toll revenue received in advance	198,215	—	—	—	—	—	—	198,215	198,363
Amounts retained from contractors and engineers	—	2,573,809	1,297,668	954,574	—	—	—	4,826,051	8,672,950
Other liabilities	7,405,348	183,065	183,464	382,236	—	—	—	8,154,113	7,505,346
Bond indebtedness (note 4):									
Turnpike Revenue Bonds, Series 1991 A	—	344,710,000	—	—	—	—	—	344,710,000	367,580,000
Turnpike Revenue Bonds, Series 1991 C	—	1,237,205,000	—	—	—	—	—	1,237,205,000	1,239,550,000
Turnpike Revenue Bonds, Series 1991 D	—	371,000,000	—	—	—	—	—	371,000,000	371,000,000
Turnpike Revenue Bonds, Series 1992 A	—	658,225,000	—	—	—	—	—	658,225,000	701,000,000
Turnpike Revenue Bonds, Series 1992 B	—	43,138,473	—	—	—	—	—	43,138,473	40,483,988
Total liabilities	54,815,951	2,657,035,347	1,481,132	1,336,810	—	—	76,333,722	2,791,002,962	2,856,449,917
Fund balances (deficit):									
Applied to retirement of bond indebtedness	—	—	—	—	—	—	72,635,000	72,635,000	67,990,000
Balances retained	39,086,700	858,631,194	1,624,227	24,759,782	77,713,962	(11,865)	—	1,001,804,000	983,618,844
Total fund balances (deficit)	39,086,700	858,631,194	1,624,227	24,759,782	77,713,962	(11,865)	72,635,000	1,074,439,000	1,051,608,844
Commitments and contingent liabilities (note 7)									
Total liabilities and fund balances (deficit)	\$ 93,902,651	3,515,666,541	3,105,359	26,096,592	77,713,962	(11,865)	148,968,722	3,865,441,962	3,908,058,761

See accompanying notes to financial statements.

NEW JERSEY TURNPIKE AUTHORITY
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 1997
(WITH COMPARATIVE TOTAL FIGURES FOR 1996)

		Funds held by Authority					Funds held by Trustees			Totals (note 2)		
		Revenue Fund	Construction Fund	Maintenance Reserve Fund	Special Project Reserve Fund	General Reserve Fund	State Payment Fund	Charges Fund	Debt Service Fund	Debt Reserve Fund	1997	1996
Balance as of beginning of year	\$	39,086,700	790,641,194	1,552,360	18,254,010	59,072,525	—	58,287	67,990,000	74,953,768	1,051,608,844	1,026,317,831
Add (deduct):												
Revenues in excess of operating expenses before interest		221,300,644	—	—	—	—	—	—	—	—	221,300,644	205,372,188
Transfers to fund bond interest expense		(147,314,408)	(16,018,000)	—	—	—	—	—	163,332,408	—	—	—
Bond interest expense		—	—	—	—	—	—	—	(163,332,408)	—	(163,332,408)	(166,915,159)
Capitalization of interest		—	16,018,000	—	—	—	—	—	—	—	16,018,000	35,019,000
Receipt (payment) of other charges		—	—	(23,990,133)	(11,994,228)	159,433	—	(1,183,152)	—	(2,148,000)	(39,156,080)	(36,185,016)
Revenue fund transfers		(55,675,000)	—	24,062,000	18,500,000	—	12,000,000	1,113,000	—	—	—	—
Sinking fund payment		—	67,990,000	—	—	—	—	—	(67,990,000)	—	—	—
Sinking fund transfers		(72,635,000)	—	—	—	—	—	—	72,635,000	—	—	—
Required payment to the State of New Jersey		—	—	—	—	—	(12,000,000)	—	—	—	(12,000,000)	(12,000,000)
Other interfund transfers, net		<u>54,323,764</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,482,004</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(72,805,768)</u>	<u>—</u>	<u>—</u>
Balance (deficit) as of end of year	\$	39,086,700	858,631,194	1,624,227	24,759,782	77,713,962	—	(11,865)	72,635,000	—	1,074,439,000	1,051,608,844

See accompanying notes to financial statements.

NEW JERSEY TURNPIKE AUTHORITY
STATEMENT OF COST OF INVESTMENT IN FACILITIES
DECEMBER 31, 1997
(WITH COMPARATIVE TOTAL FIGURES FOR 1996)

		Original Turnpike extensions and additional lanes	Revenues invested in facilities	1966 Turnpike Improvement	1971 Turnpike Improvement	1973 Improvement And Funding Program	1977 Turnpike System Revenue Bond Accounts	1984 Turnpike Revenue Bonds	1985-1990 Widening Project	Refunding of 1984 bonds	Business Plan for the 90's	Totals	
												1997	1996
Engineering and architectural	\$	28,083,278	12,125,827	32,051,535	11,566,356	18,997,183	—	—	153,068,194	—	93,030,255	348,922,628	343,836,873
Land, easements and rights- of-way, net of recoveries		25,771,162	6,073,263	28,704,263	4,074,507	7,013,092	—	—	24,713,537	—	415,915,562	512,265,386	512,173,482
Construction, including cost of training and equipping operating personnel, machinery and equipment and miscellaneous pre- operating expenses		371,398,653	69,099,391	390,553,355	103,797,024	30,811,393	—	—	386,016,061	—	493,838,942	1,845,514,819	1,812,269,425
Other costs, including administration		1,869,763	164,427	2,770,920	181,599	307,851	—	—	19,331,429	—	41,517,793	66,143,782	64,815,636
Financial		<u>27,036,417</u>	<u>165,271</u>	<u>245,668,754</u>	<u>22,512,061</u>	<u>23,615,247</u>	<u>12,874,128</u>	<u>67,745,398</u>	<u>594,000,850</u>	<u>7,988,081</u>	<u>532,519,058</u>	<u>1,534,125,265</u>	<u>1,515,452,779</u>
		454,159,273	87,628,179	699,748,827	142,131,547	80,744,766	12,874,128	67,745,398	1,177,130,071	7,988,081	1,576,821,610	4,306,971,880	4,248,548,195
Less income from interim investment of construc- tion funds		<u>(7,763,714)</u>	<u>(3,929)</u>	<u>(82,042,352)</u>	<u>(19,485,504)</u>	<u>(46,808,678)</u>	<u>—</u>	<u>—</u>	<u>(653,015,748)</u>	<u>—</u>	<u>(260,950,626)</u>	<u>(1,070,070,551)</u>	<u>(1,058,288,343)</u>
	\$	<u>446,395,559</u>	<u>87,624,250</u>	<u>617,706,475</u>	<u>122,646,043</u>	<u>33,936,088</u>	<u>12,874,128</u>	<u>67,745,398</u>	<u>524,114,323</u>	<u>7,988,081</u>	<u>1,315,870,984</u>	<u>3,236,901,329</u>	<u>3,190,259,852</u>

See accompanying notes to financial statements.

NEW JERSEY TURNPIKE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

(1) ORGANIZATION AND FUNCTION OF THE NEW JERSEY TURNPIKE AUTHORITY:

The New Jersey Turnpike Authority (the Authority) is a body corporate and politic created by the New Jersey Turnpike Authority Act of 1948, as amended and supplemented (the Act). The Act authorizes the Authority to construct, maintain, repair and operate the New Jersey Turnpike (the Turnpike System) projects at locations established by law and to issue Turnpike revenue bonds or notes of the Authority, subject to prior approval in writing from the Governor and from either or both the State Treasurer and the Director of the Division of Budget and Accounting of the Department of the Treasury, payable solely from tolls and other revenues of the Authority. Under the provisions of the Act, the Turnpike bonds or notes and the interest thereon shall not be deemed to constitute a debt or liability or a pledge of the faith and credit of the State or any political subdivision thereof.

The Authority's financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

All revenues of the Turnpike System are required to be deposited by the Authority in the Revenue Fund, to be applied in accordance with the provisions of the Turnpike Revenue Bond Resolution, adopted August 20, 1991, as amended, restated and supplemented (the Bond Resolution).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of funds - The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. Resources are allocated to and accounted for in the individual funds based upon the provisions of the Bond Resolution. The various funds are as follows:

Revenue Fund - The Revenue Fund is the general operating fund of the Authority. It is used to account for all of the operating revenues and expenses.

Construction Fund - The Construction Fund is used to account for financial resources to be used for cost of investment in facilities. Included in this fund are the proceeds from the issuance of Turnpike Revenue Bonds in 1991 and 1992 (see note 4), and unexpended moneys related to projects authorized by previous bond issues.

Maintenance Reserve Fund - Amounts in this fund may be applied to the cost of major resurfacing, replacement, repairs, renewals or reconstruction of the Turnpike System.

State Payment Fund - This fund is used to account for the moneys that are to be applied to payments required to be made to the State pursuant to the terms of an agreement between the State and the Authority (see note 7).

Special Project Reserve Fund - Amounts in this fund may be applied to the cost of one or more special projects or additional projects. On an annual basis, the Special Project Reserve Fund is replenished up to the amount of the Special Project Reserve Requirement (\$35,000,000 for 1997 and \$40,000,000 for 1998). The required funding is determined by projecting the ending fund balance and comparing it to the Special Project Reserve Requirement. The difference is funded in 12 equal installments over the next fiscal year. The Special Project Reserve Requirement increases in years subsequent to 1997 in accordance with the requirements of the Bond Resolution.

General Reserve Fund - Amounts in the General Reserve Fund are to be used to make up deficiencies in the Revenue Fund, the Debt Service Fund, the Debt Reserve Fund, the Charges Fund, the Maintenance Reserve Fund, the State Payment Fund and the Special Project Reserve Fund. Subject to certain terms, amounts in this fund which are not required to remedy any such deficiency may be applied to (a) the purchase or redemption of any bonds and expenses in connection therewith; (b) payment of principal and interest due upon redemption of variable rate debt, commercial paper and subordinated indebtedness, if any; (c) payments into the Construction Fund; (d) improvements, extensions, betterments, renewals and replacements of the Turnpike System or the provisions of reserves for these purposes; (e) payments into the Revenue Fund; and (f) any other corporate purpose, including but not limited to, additional required State payments, if any.

Charges Fund - This fund is used to pay (a) fees and charges paid to a financial institution under a letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement; (b) fees and charges paid to the remarketing agent of the Series 1991 D bonds; and (c) fees and charges paid to the tender agent of the Series 1991 D bonds, but only to the extent that the Authority determines the foregoing amounts shall not be paid as operating expenses.

Debt Service Fund - This fund accumulates the amounts required for (a) payment of interest and maturing principal amounts on all outstanding Turnpike revenue bonds when due; (b) payment of the redemption price and accrued interest on the bonds to be redeemed; and (c) payment of the purchase price of bonds purchased through application of moneys accumulated in this fund by reason of the payment of any sinking fund installment.

Debt Reserve Fund - Amounts in this fund are to be applied to make up any deficiency in the Debt Service Fund. The Bond Resolution provides that as a condition to the issuance of each series of 1991 and 1992 bonds there shall be deposited in the Debt Reserve Fund the amount, if any, necessary so that the amount in such fund equals the Debt Reserve Requirement calculated immediately after the issuance of such series of 1991 and 1992 bonds. The Debt Reserve Requirement is equal to the greatest amount of interest accruing on the outstanding bond indebtedness in any one year, subject to certain provisions set forth in the Bond Resolution (see note 4).

Whenever the moneys and securities on deposit in the Debt Reserve Fund, together with the amount in the Debt Service Fund, are sufficient to pay in full all outstanding bonds in accordance with their terms, the funds on deposit in the Debt Reserve Fund are to be transferred to the Debt Service Fund.

The Authority may deposit a surety bond, insurance policy or letter of credit payable to the Trustees of the bonds in an amount equal to the difference between the Debt Reserve Requirement and amounts deposited in the Debt Reserve Fund, subject to conditions provided for in the Bond Resolution (see note 4).

Basis of presentation - Accounts of the Authority are maintained in accordance with the practices set forth herein, which are based on the provisions of the Bond Resolution and on the Authority's interpretation of the Bond Resolution. The significant practices, the first two of which differ in material respects from generally accepted accounting principles, are as follows:

- Depreciation of the Turnpike System and related facilities is not included as an operating expense or otherwise provided.
- Transfers from the Construction Fund and Debt Reserve Fund to the Revenue Fund and from the Revenue Fund to the Special Project Reserve Fund, Maintenance Reserve Fund, and State Payment Fund are presented in the statement of revenues and expenses.
- Cost of investment in facilities are generally recorded when paid except for amounts payable to contractors and engineers that are withheld (as retainage) which are recorded when incurred. Income on unexpended construction funds is credited to cost of investment in facilities when received.
- Cost of investment in facilities also include expenses in connection with the offering, selling, and issuance of bonds and notes; discount on the sale of bonds and notes; costs of issuing and refunding bonds; costs of certain real estate in excess of right-of-way requirements which may be sold and the proceeds applied in reduction of construction costs; certain interest on bonds and notes (less income received on unexpended construction funds); and administrative, legal and certain insurance expenses incurred during the construction period.
- Toll revenues are generally recorded when received except for toll revenues received under the commercial vehicle charge account program which are recorded on the accrual basis.
- Income on investments and from concessions is recorded when received. Investments which mature within one year are valued at cost (which approximates market) and investments with a maturity date in excess of one year from date of purchase are recorded at amortized value.
- Other income and receipts, from whatever source derived, are recorded as revenue when received.
- Operating expenses are recorded when paid except for reserves for general liability insurance claims for which the Authority is self-insured, unemployment insurance premiums withheld from employees, additional amounts payable to the Public Employees Retirement System (PERS) for early retirees (see note 5) and certain other reasonable and necessary operating expenses which do not recur annually.
- Interest on bond indebtedness is recorded on the accrual basis.
- Costs for major repairs, replacements or maintenance items of a type not recurring annually or at shorter intervals and costs for major resurfacing, replacement, repairs, renewals or reconstruction of the Turnpike System are recorded when paid except for amounts payable to contractors and engineers that are withheld (as retainage). Such costs are included in other charges in the accompanying statement of changes in fund balances.

"Total" columns contain the totals of the similar accounts of the various funds. Since the assets of the funds are restricted, the combination of the accounts, including the assets therein, is for comparison only and does not indicate that the combined assets are available in any manner other than that provided for in the Bond Resolution.

(3) INVESTMENTS:

As of December 31, 1997, investments consist of the following:

Repurchase agreements	\$ 33,180,000
U.S. Treasury backed Federal agency discount notes	524,042,429
Other investments (deferred compensation plan)	<u>46,536,054</u>
	<u>\$ 603,758,483</u>

Included in the December 31, 1997 investment balance in the accompanying statement of assets, liabilities and fund balances is approximately \$2.8 million of funds to satisfy general liability insurance claims for which the Authority is self-insured, and approximately \$3.9 million of funds which are designated to satisfy unemployment insurance claims both of which are included as "other liabilities".

(4) BOND INDEBTEDNESS:

Under the Authority's Plan of Finance, Turnpike Revenue Bonds in an aggregate principal amount totaling approximately \$2.9 billion were issued in 1991 and 1992. This resulted in the refunding or defeasance of all outstanding Turnpike Revenue Bonds, Series 1984 and 1985, and the funding of capital projects contained in the Plan of Finance.

As of December 31, 1997, bond indebtedness consists of the following:

Turnpike Revenue Bonds:

Series 1991 A, due 1/1/94 to 2003, 1/1/2008 and 1/1/2014 with interest at 5.25% to 6.90%	\$ 344,710,000
Series 1991 C, due 1/1/94 to 2011, 1/1/2013 and 1/1/2016 with interest at 4.80% to 6.50%	1,237,205,000
Series 1991 D, due 1/1/2018 with interest at 6.19% under an interest rate swap agreement (see below)	371,000,000
Series 1992 A, due 1/1/96 to 2006, 1/1/2012 and 1/1/2018 with interest at 4.80% to 6.20%	658,225,000
Series 1992 B, due 1/1/2000 to 2012 with yields to maturity at 6.10% to 6.70% (see below)	<u>43,138,473</u>
	<u>\$ 2,654,278,473</u>

For the Series 1991 C bonds maturing in 2007 and 2013, the Series 1991 D bonds maturing in 2018 and the Series 1992 B bonds, principal and interest payments are insured on the stated maturity and interest payment dates through municipal bond insurance.

Interest on all outstanding bond indebtedness, except for capital appreciation bonds (see below) is payable semiannually on each January 1 and July 1. Unless converted to a fixed interest rate, the Series 1991 D bonds pay interest to bondholders at a variable weekly interest rate (3.45% as of December 31, 1997) subject to a maximum rate of 12%. Regardless of whether the Series 1991 D bondholders are paid a variable rate or a fixed rate, under an interest rate swap agreement with a financial institution, the Authority will pay interest at a fixed rate of 6.19% for the entire term of the Series 1991 D bonds.

The Series 1992 B bonds, which are capital appreciation bonds, were originally issued in the amount of \$30,016,972 and are reported at their accreted value of \$43,138,473 as of December 31, 1997, and mature annually from January 1, 2000 through January 1, 2012 at accreted values aggregating \$70,200,159.

Series 1991 A, Series 1991 C and Series 1992 A bonds in the principal amount of \$840,600,000 are subject to mandatory redemption prior to maturity in specified principal amounts and such bonds in the principal amount of \$723,975,000 are subject to optional redemption prior to maturity at varying redemption prices. The Series 1992 B bonds are not subject to mandatory or

optional redemption prior to maturity. If converted to a fixed interest rate, the Series 1991 D bonds are subject to mandatory redemption prior to maturity in specified principal amounts. The Series 1991 D bonds are also subject to optional redemption prior to maturity.

All bonds outstanding under the Bond Resolution, together with amounts owed under the interest rate swap agreement, are secured on a parity by a pledge of Net Revenues of the Authority senior in priority to any other Authority obligations secured by such net revenues. The off balance sheet risk associated with this interest rate swap agreement between the Authority and AIG Financial Products Corp., which is not reflected in the accompanying statement of assets, liabilities and fund balances as of December 31, 1997, is a termination payment. This payment, which under certain circumstances could be a substantial amount, would be required to be made by the Authority, if the Authority opted to cancel this agreement. However, the Authority does not intend to terminate this agreement.

To meet the Debt Reserve Requirement (see Note 2) as of December 31, 1997, the Authority maintained insurance policies with a face amount of \$97,760,585 and a surety bond with a payment limit of \$72,809,446.

The Bond Resolution provides that revenues or other funds not required to secure the Authority's outstanding bond indebtedness or for payment to the New Jersey Transportation Trust Fund Authority (see Note 7) are required to be applied to the Authority's corporate purposes or as may be provided by law in the future.

The following table sets forth as of December 31, 1997 payments of principal (through sinking fund installments) and interest to be made to the Debt Service Fund from the Revenue Fund and the Construction Fund on all outstanding bonds of the Authority for the next five years and thereafter (in thousands):

Debt service					
	From Revenue Fund		From Construction Fund		Total
	Principal	Interest	Principal	Interest	
1998	\$ 77,460	156,444	-	4,018	237,922
1999	80,363	158,092	-	-	238,455
2000	85,537	153,836	-	-	239,373
2001	91,361	149,174	-	-	240,535
2002	97,865	144,060	-	-	241,925
Thereafter	2,135,936	1,258,056	-	-	3,393,992
	\$ 2,568,522	2,019,662			4,592,202

The Authority has covenanted that it will charge and collect such tolls and other charges as shall be required in order that in each calendar year net revenues (as defined) shall at least equal the greater of (1) the sum of the aggregate debt service on all outstanding bonds, maintenance reserve payments, state payments and special project reserve payments and payments, if any, to the charges fund for each calendar year; or (2) 1.20 times the sum of the aggregate debt service on all outstanding bonds, for each calendar year. Net revenues with required transfers were sufficient to satisfy the most restrictive toll covenant requirements for 1997.

(5) PENSION AND DEFERRED COMPENSATION:

Employees of the Authority are covered by the Public Employees Retirement System (PERS) of the State of New Jersey. Pension plan contributions, amounting to \$6,235,199 in 1997, are based on annual billings received from PERS. Authority employees are also covered by the Federal Social Security Act.

In 1980, the Authority established the Employees Deferred Compensation Plan. All permanent employees are eligible to participate in the plan, which permits participants to defer annually a portion of their salary. The Authority does not make any contributions to the plan. As of December 31, 1997, plan assets of \$46,536,054 are included in the accompanying statement of assets, liabilities and fund balances as they are considered to be assets and liabilities of the Authority until disbursement. The plan assets are self directed by employees of the Authority within the available options provided by the third-party administrator.

(6) TRANSFER FROM DEBT RESERVE FUND:

In February, 1997, the Authority entered into a debt service reserve surety bond agreement with MBIA Insurance Corporation (MBIA). In consideration of the payment of a premium in the amount of \$2,148,000, MBIA guarantees the principal and interest payments of the Turnpike Revenue Bonds Series 1991 C, Series 1992 A, and Series 1992 B in an amount not to exceed \$72,809,446. Investment securities maintained in the Debt Reserve Fund at the time of the execution of the surety bond agreement had a carrying value of \$74,953,768.

In accordance with the Bond Resolution, the Authority may maintain a surety bond or insurance policy payable to the Trustee in lieu of the required deposits in the Debt Reserve Fund. Whenever the moneys and investment securities on deposit in the Debt Reserve Fund exceed the Debt Reserve Requirement, the excess is to be withdrawn and applied as pledged revenues in the Revenue Fund.

Accordingly, the investment securities maintained in the Debt Reserve Fund at the time of the execution of the surety bond agreement, less the surety bond premium, or \$72,805,768, was transferred to the Revenue Fund during 1997.

(7) COMMITMENTS AND CONTINGENT LIABILITIES:

In addition to commitments in the normal course of business, the Authority is contingently liable under pending lawsuits and claims in which the Authority is named a defendant, relating primarily to construction claims and environmental matters. In the opinion of the Authority, the aggregate liability of such actions would not materially affect its financial statements and sufficient funds are available in the construction accounts to satisfy payments in connection therewith.

Under the terms of an agreement dated April 27, 1984 and an amendment dated August 1, 1995, the Authority agreed to make annual payments to the State of New Jersey to assist in transportation purposes. These payments, which aggregate \$12,000,000 annually, are due until all obligations of the New Jersey Transportation Trust Fund Authority as set forth in the 1995 Amendments are paid or such payment has been provided for. The payments to the State of New Jersey are subordinate to debt service payments under all outstanding bonds.

The Authority is committed under contracts related to the business plan for the 90's. The contracts are primarily construction contracts and the open commitments totaled approximately \$64,846,000 as of December 31, 1997.

NEW JERSEY TURNPIKE AUTHORITY
SCHEDULE OF INVESTMENTS
DECEMBER 31, 1997

Schedule 1

	Interest <u>rate</u>	<u>Maturity</u>		Par <u>value</u>	Carrying <u>value</u>
Revenue Fund:					
Other (note A)	Various	Various	\$	42,873,000	42,824,150
Deferred compensation plan:					
Mutual funds	N/A	N/A		<u>46,536,054</u>	<u>46,536,054</u>
				89,409,054	89,360,204
Construction Fund:					
Other (note A)	Various	Various		285,457,694	276,629,228
Maintenance Reserve Fund:					
Federal Home Loan Bank discount note	4.90%	January 2, 1998		4,001,000	3,999,911
Special Project Reserve Fund:					
Repurchase agreement	5.00%	January 2, 1998		25,607,111	25,600,000
General Reserve Fund:					
Other (note A)	Various	Various		59,449,411	59,222,933
Debt Service Fund:					
Other (note A)	Various	Various		149,000,000	148,946,207
				<u> </u>	<u> </u>
Total investments			\$	612,924,270	603,758,483
				<u> </u>	<u> </u>

Notes:

- (A) Includes Federal National Mortgage Association discount notes, Federal Home Loan Mortgage Corporation discount notes, Federal Home Loan Bank discount notes, Federal Farm Credit discount notes and Short-Term Repurchase Agreements. These securities bear annual interest rates of 4.75% to 6.65% and mature periodically from January 2, 1998 through June 8, 1998.

NEW JERSEY TURNPIKE AUTHORITY

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

YEAR ENDED DECEMBER 31, 1997

Schedule 2

		Funds held by Authority						Funds held by Trustees		Debt Reserve Fund	Total
		Revenue Fund	Construction Fund	Maintenance Reserve Fund	Special Project Reserve Fund	General Reserve Fund	State Payment Fund	Charges Fund	Debt Service Fund		
Cash balances, December 31, 1996	\$	28,274,997	439,291	18,506	568,773	42,235	—	3,346	17,642	888	29,365,678
Receipts:											
Revenues		381,000,334	—	—	—	—	—	—	—	—	381,000,334
Transfers from Revenue Fund		(275,624,400)	—	24,062,000	18,500,000	—	12,000,000	1,113,000	219,949,400	—	—
Transfers to Revenue Fund		72,805,768	—	—	—	—	—	—	—	(72,805,768)	—
Net change in investments		(24,926,847)	49,820,210	(1,127,103)	(10,832,748)	(16,212,285)	—	54,941	(3,158,403)	74,952,880	68,570,645
Net change in receivables		(1,049,693)	(376,132)	110,552	3,783,424	126,195	—	—	—	—	2,594,346
Net change in other assets		—	(2,045,506)	—	—	10,114,549	—	—	—	—	8,069,043
Income on Construction Fund investments		—	11,782,208	—	—	—	—	—	—	—	11,782,208
Transfer of funds, net		(7,288,465)	(16,074,246)	1,058,467	495,481	5,778,898	—	11,865	16,018,000	—	—
Total receipts		144,916,697	43,106,534	24,103,916	11,946,157	(192,643)	12,000,000	1,179,806	232,808,997	2,147,112	472,016,576
Disbursements:											
Operating (receipts) disbursements		159,699,690	—	23,990,133	11,994,228	(159,433)	—	1,183,152	—	2,148,000	198,855,770
Interest on bond indebtedness		—	—	—	—	—	—	—	164,814,124	—	164,814,124
Debt service requirement		—	—	—	—	—	—	—	67,990,000	—	67,990,000
Payments to State of New Jersey		—	—	—	—	—	12,000,000	—	—	—	12,000,000
Cost of construction, studies, major repairs and other purchases		—	39,751,200	—	—	—	—	—	—	—	39,751,200
Net change in current liabilities		58,680	3,460,177	(482,993)	242,372	—	—	—	—	—	3,278,236
Total disbursements		159,758,370	43,211,377	23,507,140	12,236,600	(159,433)	12,000,000	1,183,152	232,804,124	2,148,000	486,689,330
Cash balances, December 31, 1997	\$	13,433,324	334,448	615,282	278,330	9,025	—	—	22,515	—	14,692,924

		Cash <u>balance</u>	Market value of securities pledged to secure <u>deposits</u>
Cash balances:			
Toll collectors and other imprest funds	\$	148,573	—
First Union		10,875,187	39,631,008
Summit Bank		2,663,072	25,173,400
Bank of New York		<u>1,006,092</u>	<u>5,056,250</u>
	\$	14,692,924	69,860,658

NEW JERSEY TURNPIKE AUTHORITY
SCHEDULE OF BOND INDEBTEDNESS
DECEMBER 31, 1997

	Original amount authorized and <u>issued</u>	Refunded or acquired and cancelled in <u>prior year</u>	Mandatory redemption/sinking <u>fund installments</u>	Accretion of capital appreciation <u>bonds</u>	Amount outstanding <u>December 31, 1997</u>
Turnpike revenue bonds:					
Series A, 4.75% (1966 issue), maturing January 1, 2006	\$ 179,000,000	(179,000,000)	—	—	—
Series A, 5.12% (1968 issue), maturing January 1, 2008	75,000,000	(75,000,000)	—	—	—
Series C, 5.20% (1968 issue), maturing January 1, 2008	125,000,000	(125,000,000)	—	—	—
Series D, 5.75% (1969 issue), maturing January 1, 2008	60,000,000	(60,000,000)	—	—	—
Series E, 5.87% (1969 issue), maturing January 1, 2008	40,000,000	(40,000,000)	—	—	—
Series F, 7% (1969 issue), maturing January 1, 2009	137,000,000	(137,000,000)	—	—	—
Series G, 5.75% (1972 issue), maturing January 1, 2009	<u>155,100,000</u>	<u>(155,100,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	771,100,000	(771,100,000)	—	—	—
Turnpike improvement revenue bonds:					
First series, 5.70% (1973 issue), maturing May 1, 2013	<u>210,000,000</u>	<u>(210,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
General revenue bonds:					
Turnpike revenue bonds (1950 issue), 3.25%, matured January 1, 1985	220,000,000	(220,000,000)	—	—	—
Turnpike revenue bonds (1951 issue), 3.20%, matured January 1, 1986	<u>35,000,000</u>	<u>(35,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	255,000,000	(255,000,000)	—	—	—
Second series revenue bonds	<u>211,200,000</u>	<u>(211,200,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Turnpike notes:					
Series A, 4.62% (1971 issue), matured January 1, 1975	<u>125,500,000</u>	<u>(125,500,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Turnpike system revenue bonds:					
First series, 6% (refunding issue), maturing January 1, 2014	<u>202,415,000</u>	<u>(202,415,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Turnpike revenue bonds:					
1984 Series, 6.75% to 12%, maturing January 1, 2003 through 2014	<u>501,825,000</u>	<u>(501,825,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Turnpike revenue bonds:					
1985 series, bi-modal multi-term format (BMTF):					
Mode 1 (tender dates ranging from one week to July 2, 1990)	2,000,000,000	(2,000,000,000)	—	—	—
Mode A (tender dates ranging from one week to January 1, 2018)	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	2,001,000,000	(2,001,000,000)	—	—	—
1985 series, Mode A, 7.2%, maturing January 1, 2018	<u>2,000,000,000</u>	<u>(2,000,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>

NEW JERSEY TURNPIKE AUTHORITY
SCHEDULE OF BOND INDEBTEDNESS, CONTINUED

	Original amount authorized and issued	Refunded or acquired and cancelled in prior year	Mandatory redemption/sinking fund installments	Accretion of capital appreciation bonds	Amount outstanding December 31, 1997
Turnpike revenue bonds:					
Series 1991 A, 5.25% to 6.90%, maturing January 1, 1994 through 2003, January 1, 2008 and January 1, 2014	\$ 423,205,000	—	(78,495,000)	—	344,710,000
Series 1991 B, 4.45% to 5.25%, maturing January 1, 1994 and January 1, 1995	79,340,000	—	(79,340,000)	—	—
Series 1991 C, 4.80% to 6.50%, maturing January 1, 1994 through 2011, January 1, 2013 and January 1, 2016	1,247,850,000	—	(10,645,000)	—	1,237,205,000
Series 1991 D, (interest at 6.19% under an interest rate swap agreement) maturing January 1, 2018	371,000,000	—	—	—	371,000,000
Series 1992 A, 4.80% to 6.20%, maturing January 1, 1996 through 2006, January 2012 and January 1, 2018	741,110,000	—	(82,885,000)	—	658,225,000
Series 1992 B, capital appreciation bonds, maturing January 1, 2000 through 2012 with yields to maturity at 6.10% to 6.70%	<u>30,016,972</u>	<u>—</u>	<u>—</u>	<u>13,121,501</u>	<u>43,138,473</u>
	2,892,521,972	—	(251,365,000)	13,121,501	2,654,278,473
	<u>9,170,561,972</u>	<u>(6,278,040,000)</u>	<u>(251,365,000)</u>	<u>13,121,501</u>	<u>2,654,278,473</u>

Note:

As of December 31, 1997, bond and note indebtedness totaling \$6,278,040,000 had been defeased or retired from the following sources:	\$
Revenues	557,840,082
Excess construction funds, bond proceeds and miscellaneous receipts allocated to revenues	20,037,918
Issuance of Series G (refunding issue) Turnpike Revenue Bonds to refund Series F bonds for redemption on January 1, 1979	137,000,000
Portion of proceeds of the 1973 Turnpike Improvement Revenue Bonds used to retire Turnpike notes, Series A	125,500,000
Issuance of Turnpike System Revenue Bonds, first series (refunding) to refund the 5.70% Turnpike Improvement Revenue Bonds, first series, for retirement in accordance with sinking fund installment established at the time of issuance	210,000,000
Issuance of Turnpike Revenue Bonds, 1984 Series to refund the Turnpike Revenue Bonds Series A through E and Series G and the Turnpike System Revenue Bonds, First Series (refunding), for retirement in accordance with sinking fund installments established at the time of their issuance	724,837,000
Issuance of Turnpike Revenue Bonds, 1985 Series, Mode A used to retire 1985 Series bi-modal, multi-term format Mode 1 Bonds	2,000,000,000
Retirement of Turnpike Revenue Bonds, 1985 Series, Mode A	1,000,000
Issuance of Turnpike Revenue Bonds, Series 1991 A through D to refund Turnpike Revenue Bonds, 1984 Series and a portion of Revenue Bonds, 1985 Series	2,085,460,000
Redemption and retirement of Turnpike Revenue Bonds, 1985 Series from moneys in the Construction Fund	<u>416,365,000</u>
	<u>\$ 6,278,040,000</u>

NEW JERSEY TURNPIKE AUTHORITY
SCHEDULE OF TOLL REVENUE
YEAR ENDED DECEMBER 31, 1997

Schedule 4

<u>Class</u>	<u>Description</u>	<u>1997</u>		<u>1996</u>	
		<u>Toll Revenue</u>	Number of <u>Vehicles</u> (unaudited)	<u>Toll Revenue</u>	Number of <u>Vehicles</u> (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 223,679,190	177,268,233	\$ 215,296,535	171,317,475
2	Vehicles having two axles other than type described under Class 1	18,082,234	6,258,446	17,429,507	6,042,230
3	Vehicle (vehicles), single or in combination, having three axles	8,256,677	2,387,077	7,680,369	2,244,540
4	Vehicle (vehicles), single or in combination, having four axles	12,226,507	2,437,879	11,547,618	2,317,075
5	Vehicle (vehicles), single or in combination, having five axles	82,556,505	12,750,828	78,885,299	12,194,936
6	Vehicle (vehicles), single or in combination, having six or more axles	940,881	139,018	916,615	135,407
7	Buses having two axles	661,415	367,044	638,175	355,382
8	Buses having three axles	4,195,680	1,243,630	4,061,633	1,223,311
	Nonrevenue vehicles	—	1,720,561	—	1,746,022
		350,599,089	204,572,716	336,455,751	197,576,378
	Total adjustments	(162,401)		(113,923)	
		\$ 350,436,688		\$ 336,341,828	

The People Who Make Sure It All Works...

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Thomas Moran, Jr.

WITH THANKS

The Turnpike relies on the skill and talent of many dedicated and hardworking people to make it work.

From toll collectors to clerk typists and administrative aides to auditors and accountants - too numerous to mention by name - all play an important role in making the Turnpike a safe, efficient, and well maintained road.

On this page are the managers who guide the work force of nearly 1,700 full-time individuals who deliver the Turnpike services that have set a standard of excellence recognized around the world.